

Message Text

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SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01 SS-15

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R 131630Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3768

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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PASS AGRICULTURE (FOR GEORGE H. WHITE/FAS)

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: NATIONAL ATTITUDES ON MTN AND AGRICULTURE

REF: FAS AIRCOMM 7/2/75

FOLLOWING COMMENTS BASED ON MEETINGS WITH UK MINISTRY OF
AGRICULTURE, FISHERIES & FOOD (MAFF) OFFICIALS, NATIONAL
FARMERS' UNION (NFU) AND SELECTED TRADE AND INDUSTRY
CONTACTS.

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1. SUMMARY: MAFF OFFICIALS SAY THAT THE CURRENT NEGOTIATION STRUCTURE FOR MTN SHOULD BE GIVEN AN OPPORTUNITY TO WORK BEFORE MAJOR NEGOTIATING DISPUTES ARE ALLOWED TO SURFACE IF ANY SIGNIFICANT PROGRESS IS TO BECOME A REALITY. OBJECTIONS TO CURRENT STRUCTURAL ARRANGEMENTS SHOULD BE KEPT TO A MINIMUM AT LEAST UNTIL ALL HORSES ARE AT THE STARTING-GATE. IT WAS SUGGESTED THAT THERE IS PROBABLY MORE DESIRE FOR PROGRESS ON ALL MAJOR MTN QUESTIONS ON THE PART OF THE EC THAN MOST PARTICIPATING PARTIES REALIZE. THIS DOES NOT MEAN, HOWEVER, THAT THE CAP IS UP FOR GRABS OR COULD BE READILY DISMANTLED. THE TRADITIONAL LINE PREVAILED ON SPECIFICS: (A) NEGOTIATION ON TRADE PROBLEMS FOR AGRICULTURE SHOULD TAKE PLACE PRIMARILY IN THE AGRICULTURAL GROUP; (B) OBJECTIVE FOR AGRICULTURAL PRODUCTS SHOULD BE TAKEN AS A WHOLE AND THEREFORE WORK OF IWC IN LONDON ON CEREALS SHOULD BECOME CEREALS COMMITTEE'S WORK IN MTN AT EARLIEST POSSIBLE DATE; (C) ORDERLY MARKETING ARRANGEMENTS AND LESS EMPHASIS ON ACCESS SHOULD BE ULTIMATE GOAL OF MTN FOR AGRICULTURAL PRODUCTS; AND (D) LDCS' STAND TO GAIN LITTLE FROM MTN AND THUS GREATER EFFORT IS NEEDED IN UNCTAD TO MEET THEIR NEEDS. NFU OFFICIALS TAKE THE POSITION THAT MAJOR PROVISIONS OF THE CAP PROVIDING INCENTIVES FOR DOMESTIC PRODUCTION SHOULD NOT BE UP FOR NEGOTIATION IN THE MTN.

2. STRUCTURE: UK OFFICIALS REPEATED THE TRADITIONAL LINE THAT AGRICULTURE IS A UNIQUE SECTOR AND SO ARE PROBLEMS ASSOCIATED WITH AGRICULTURAL TRADE. IT IS DESIRED THAT AGRICULTURAL ISSUES IN THE MTN (TARIFF AND NON-TARIFF) BE MAINLY CONSIDERED IN THE AGRICULTURAL GROUP SEPARATELY FROM NON-AGRICULTURAL ITEMS. THERE ARE NO REASONS FOR AGRICULTURAL INTEREST NOT FARING WELL UNDER SUCH ARRANGEMENTS WITH PROPER BALANCING-OFF LATER BETWEEN THE VARIOUS SECTORS. IT WAS INDICATED THAT THE UK FINDS IT EASIER TO ACCEPT THAN SOME OTHER PARTIES OF THE EC THAT TARIFF AND NON-TARIFF MEASURES OF A GENERAL NATURE AFFECTING AGRICULTURE CAN BE TAKEN UP IN THE TARIFF AND NON-TARIFF MEASURES GROUP. HOWEVER, LIMITED OFFICIAL USE

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WITHOUT PROPER LIASON, IT WAS INDICATED THAT SUCH AN ARRANGEMENT COULD BECOME UNWIELDY.

IT WAS STRESSED THAT CURRENT AGREED UPON NEGOTIATING STRUCTURE FOR AGRICULTURAL PRODUCTS SHOULD BE GIVEN AN OPPORTUNITY TO WORK. PROGRESS WILL ONLY BE POSSIBLE IF COMPROMISES ARE MADE AS TECHNICAL DIFFICULTIES ARISE.

3. OBJECTIVE FOR AGRICULTURAL PRODUCTS: EMPHASIS HERE
TENDED TO BE MORE ON ESTABLISHING MEASURES AND
PROCEDURES TO MAKE FOR ORDERLY MARKETING RATHER THAN
IMPROVED ACCESS. THE GREATEST GAINS IN THIS AREA COULD
BE MADE FOR GRAINS -- BUT THE EC CANNOT AFFORD TO
DISMANTLE THE CAP FOR PROGRESS ON CEREALS ALONE IT WAS
EMPHASIZED. EC CONCESSIONS IN THIS AREA MUST BE WEIGHED
AGAINST ADVANTAGES IT HAS ELSEWHERE.

UK HOPES MARKET ACCESS FOR GRAINS WILL BE CONSIDERED IN
CONTEXT OF TOTAL PACKAGE CONTAINING PRICE AND RESERVE
PROVISIONS. THEREFORE, TOTAL GRAIN QUESTION CAN BEST

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NSC-05 SAJ-01 /089 W

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R 131630Z AUG 75

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INFO USMISSION EC BRUSSELS

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BE HANDLED IN MTN -- BUT FULLY UNDERSTAND US DESIRE FOR IWC WORK TO CONTINUE IN LONDON. AT SOME POINT, ALL GRAIN WORK SHOULD COME TOGETHER IN GENEVA.

ON INDIVIDUAL COMMODITIES, IT WAS SUGGESTED THAT CANADA AND THE US WOULD DO WELL TO COME FORWARD WITH SPECIFIC PROPOSALS AT THE PROPER TIME FOR THE ESTABLISHMENT OF A SPECIAL LEVEL STRUCTURE FOR HARD WHEAT. LITTLE CAN BE DONE FOR DAIRY PRODUCTS EXCEPT AN ATTEMPT TO SHARPEN PRESENT ARRANGEMENTS. ALTHOUGH UK AGRICULTURE HAS NO LIMITED OFFICIAL USE

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PROBLEM WITH COUNTERVAILING DUTIES, IT WAS INTIMATED THAT SUCH DUTIES SHOULD BE CONSIDERED AS A COUNTERBALANCE FOR EXPORT RESTITUTIONS. MAFF OFFICIALS SAY GLASS AND STEEL EXPORT SUBSIDIES ARE NOT TO BE CONSIDERED IN THE SAME CONTEXT AS COUNTERVAILING DUTIES FOR AGRICULTURAL PRODUCTS.

THE BEST THAT CAN BE HOPED FOR FROM THE MEAT COMMITTEE ARE GUIDELINES TO DIRECT INTERNATIONAL TRADE. POTENTIAL EXISTS FOR CONSIDERABLE PROGRESS IN STANDARDS GROUP BUT ANY INTERNATIONAL STANDARDS AGREED UPON WILL LIKELY WORK AGAINST THE BEST INTERESTS OF LDCS'.

OTHER VIEWS ALONG COMMODITY LINES FROM TRADE CONTACTS OR MAFF OFFICIALS WERE:

(A) LARD: REMOVAL OF RECENT RE-ESTABLISHMENT LEVIES ON THIRD COUNTRY IMPORTS;

(B) POULTRY MEAT: (MAINLY TURKEY ROLLS AND PARTS) - REMOVE OR FIX AND BIND LEVY CHARGES; ESTABLISH FAIR ARBITRARY SYSTEM FOR DETERMINING LEVY SYSTEM; AND THE EXTENSION OF TIME PERIOD BEFORE NEW SUPPLEMENTARY LEVIES CAN BECOME EFFECTIVE;

(C) TOBACCO: THE ABOLITION OF THE 24.01A TARIFF IN ITS ENTIRETY OR AT LEAST FOR ALL BUT CIGAR WRAPPER TOBACCO, FOR WHICH THIS TARIFF WAS ORIGINALLY INTENDED; A SIGNIFICANT REDUCTION IN THE 24.01B TARIFF; AND A FORMAL INTERPRETATION SHOULD BE MADE OF ARTICLE 10 OF REGULATIONS 727/70 TO RESTRICT THE "NECESSARY MEASURES" TO THE RE-IMPOSITION OF THE TARIFF ONLY. THE POSSIBLE IMPOSITION OF QUOTAS OR IMPORT STOPS SHOULD BE SPECIFICALLY RULED OUT;

(D) CITRUS: INSIST THAT FRUIT OF US ORIGIN RECEIVES PREFERENCES EQUAL TO THOSE ON SUPPLIES FROM OTHER THIRD COUNTRIES.

4. BILATERAL CONCERNS: MAFF THINKS THERE ARE FAVORABLE PROSPECTS FOR US-EC BILATERAL CONCERN FOR GRAINS AND WINE GALLON ASSESSMENT.

5. SPECIAL GROUP TREATMENT: MAFF HAS NO SPECIAL POSITION ON NON-GATT COUNTRIES AND NON-MARKET ECONOMIES. LIMITED OFFICIAL USE

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WHILE THESE COUNTRIES STAND TO GAIN SUBSTANTIALLY IF PROGRESS IS MADE IN MTN, NO WAY WAS PRESENTLY KNOWN ON HOW TO OBTAIN COMPENSATION. LDCS' STAND TO GAIN LITTLE IN MTN -- HAVING LITTLE, IF ANYTHING, TO OFFER FOR TARIFF CONCESSIONS. THUS, LDCS' INTEREST SHOULD BEST BE CARED FOR UNDER UNCTAD'S UMBRELLA.

6. SPECIAL CONSIDERATION: NO BINDING TYPE ARRANGEMENT SHOULD BE FORCED UPON LDCS'. INSTEAD, EFFORTS SHOULD BE TOWARDS INTERNATIONAL COMMODITY TYPE ARRANGEMENT WITH SYSTEM OF GENERAL PREFERENCES UNDER SUPERVISION OF UNCTAD. THESE ARRANGEMENTS SHOULD NOT CONTAIN

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NSC-05 SAJ-01 /089 W

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PROVISIONS FOR INDEXATION.

7. ATTITUDE OF FARM ORGANIZATION: NFU IS MAJOR
SPOKESMAN FOR ALL SEGMENTS OF UK AGRICULTURE. VIEWS
CLOSELY PARALLEL THOSE OF MAFF -- MAJOR PROVISION OF
CAP THAT MADE FOR GREATER SELF-SUFFICIENCY SHOULD NOT
BE UP FOR NEGOTIATION.

8. GENERAL COMMENT: HAVING RENEGOTIATED ITS TERMS OF
ENTRY, THE UK IS PRESENTLY IN NO POSITION TO TAKE AN
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INDEPENDENT LINE ON EC NEGOTIATION WITH THIRD COUNTRIES
FOR TWO REASONS: FIRST, THE UK MUST NOW SEEK TO PLAY
THE GOOD EUROPEAN IN ORDER TO SOOTHE THE IRRITATION OF
ITS FELLOW MEMBERS, ESPECIALLY THE FRENCH AND GERMANS;
SECONDLY, THE RAISING OF FURTHER DISPUTES WILL APPEAR TO
CONTRADICT HMG'S CLAIM THAT THE RENEGOTIATION PROCEDURE
WAS A SUCCESS. THE UK WILL STILL ENDEAVOR TO PROMOTE
THOSE MEASURES WHICH MAKE FOR THE LOWEST COST FOR
FOOD IMPORTS POSSIBLE. HOWEVER, THE UK HAS LITTLE
NEGOTIATING LEVERAGE WITH WHICH TO WORK -- THIS WAS
CLEARLY ILLUSTRATED RECENTLY BY THE SMALL DEVALUATION
OF THE UK GREEN POUND BY THE EC FARM MINISTERS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, POLICIES, AGRICULTURE, NEGOTIATIONS, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON12473
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750280-0089
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750857/aaaabxtb.tel
Line Count: 324
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <06 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL ATTITUDES ON MTN AND AGRICULTURE
TAGS: EAGR, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006